Department of Finance

News Release

Immediate release

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Minister Flaherty Tables Legislation to Implement Budget 2008 Measures and Protect Canada's Fiscal Framework

The Honourable Jim Flaherty, Minister of Finance, today introduced legislation in the House of Commons to implement key measures from Budget 2008. The bill also includes language to protect the Government's fiscal plan from the effects of Bill C-253.

"Budget 2008 is a plan that is prudent, focused and responsible in this period of economic uncertainty," said Minister Flaherty. "The bill being tabled today will benefit all Canadians with measures such as the new Tax-Free Savings Account. It will also protect the fiscal framework from a Private Member's bill that risks plunging the federal government back into deficit."

Today's budget legislation will:

- Allow Canadians to invest up to $5,000 a year in a new Tax-Free Savings Account, starting in 2009. Investment income earned within the account, including capital gains, will not be taxed and withdrawals will be tax-free.

- Benefit small and medium-sized businesses by improving the scientific research and experimental development tax incentive program.

- Increase the residency component of the Northern Residents Deduction by 10 per cent, effective for the 2008 tax year.

- Support Canadian students with a $350-million investment in 2009–10, rising to $430 million by 2012–13, in a new consolidated Canada Student Grant Program that will reach 245,000 college and undergraduate students per year when it takes effect in the fall of 2009.

- Commit $123 million over four years starting in 2009–10 to streamline and modernize the Canada Student Loans Program and expand online services for students, enabling them to manage their student loan accounts online.

- Modernize the immigration system with a $22-million investment over two years, growing to $37 million per year by 2012–13, including legislation to speed up the

processing of permanent resident applications, ensuring shorter wait times and making Canada's immigration system more competitive.

- Improve the management and governance of the Employment Insurance (EI) program through the creation of the Canada Employment Insurance Financing Board, an independent Crown corporation with a legislated structure which ensures that EI premiums are dedicated exclusively to the EI program.

- Provide $400 million allocated proportionately through a third-party trust for provinces and territories to support their efforts in recruiting 2,500 new front-line police officers.

- Invest $500 million in 2007–08 through a third-party trust, allocated on a provincial-territorial per capita basis, for public transit infrastructure.

- Set aside $250 million for a full-scale commercial demonstration of carbon capture and storage in the coal-fired electricity sector and for research projects to accelerate the deployment of the technology.

- Build on Canada's knowledge and people advantage in genomics with an additional $140 million for Genome Canada.

- Provide $110 million to the Mental Health Commission of Canada to support five innovative demonstration projects across the country to develop best practices to help Canadians facing mental health and homelessness challenges.

- Invest $60 million per year to ensure that low-income seniors who work can realize greater benefits from their earnings through an increase in the Guaranteed Income Supplement earnings exemption.

Detailed explanatory notes relating to the tax measures in the bill tabled today will be available free of charge on the Department of Finance website in the near future. Printed copies will also be available from the Department of Finance Distribution Centre at 613-995-2855.

More information on these and other Budget 2008 measures can be obtained by visiting the Department of Finance website or by phoning 1-800-O-Canada (1-800-622-6232) or 1-800-926-9105 (TTY for the speech and hearing impaired/deaf).

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